

CHAPTER 79
OTHER POLICIES RELATING TO PROVIDERS OF
MEDICAL AND REMEDIAL CARE

[Prior to 7/1/83, Social Services[770] Ch 79]

441—79.1(249A) Principles governing reimbursement of providers of medical and health services. The basis of payment for services rendered by providers of services participating in the medical assistance program is either a system based on the provider's allowable costs of operation or a fee schedule. Generally, institutional types of providers such as hospitals and intermediate care facilities are reimbursed on a cost-related basis and practitioners such as physicians, dentists, optometrists, and similar providers are reimbursed on the basis of a fee schedule. Providers of service must accept reimbursement based upon the department's methodology without making any additional charge to the recipient.

79.1(1) Types of reimbursement.

a. Prospective cost-related. Providers are reimbursed on the basis of a per diem rate calculated prospectively for each participating provider based on reasonable and proper costs of operation. The rate is determined by establishing a base year per diem rate to which an annual index is applied.

b. Retrospective cost-related. Providers are reimbursed on the basis of a per diem rate calculated retrospectively for each participating provider based on reasonable and proper costs of operation with suitable retroactive adjustments based on submission of financial and statistical reports by the provider. The retroactive adjustment represents the difference between the amount received by the provider during the year for covered services and the amount determined in accordance with an accepted method of cost apportionment (generally the Medicare principles of apportionment) to be the actual cost of service rendered medical assistance recipients.

c. Fee schedules. Fees for the various procedures involved are determined by the department with advice and consultation from the appropriate professional group. The fees are intended to reflect the amount of resources (time, training, experience) involved in each procedure. Individual adjustments will be made periodically to correct any inequity or to add new procedures or eliminate or modify others. If product cost is involved in addition to service, reimbursement is based either on a fixed fee, wholesale cost, or on actual acquisition cost of the product to the provider, or product cost is included as part of the fee schedule. Providers on fee schedules are reimbursed the lower of:

- (1) The actual charge made by the provider of service.
- (2) The maximum allowance under the fee schedule for the item of service in question.

Payment levels for fee schedule providers of service will be increased on an annual basis by an economic index reflecting overall inflation as well as inflation in office practice expenses of the particular provider category involved to the extent data is available. Annual increases will be made beginning July 1, 1988.

There are some variations in this methodology which are applicable to certain providers. These are set forth below in subrules 79.1(3) to 79.1(9) and 79.1(15).

Copies of fee schedules in effect for the providers covered by fee schedules can be obtained by contacting the department's fiscal agent at the following address: Consultec, Inc., P.O. Box 14422, Des Moines, Iowa 50306-3422.

*d. * Monthly fee for service.* Providers are reimbursed on the basis of a payment for a month's provision of service for each client enrolled in a case management program for any portion of the month based on reasonable and proper costs for service provision. The fee will be determined by the department with advice and consultation from the appropriate professional group and will reflect the amount of resources involved in services provision.

e. Retrospectively limited prospective rates. Providers are reimbursed on the basis of a rate for a unit of service calculated prospectively for each participating provider (and, for supported community living daily rates, for each consumer or site) based on projected or historical costs of operation, subject to the maximums listed in subrule 79.1(2) and to retrospective adjustment based on actual, current costs of operation so as not to exceed reasonable and proper costs by more than 2.5 percent.

The prospective rates for new providers who have not submitted six months of cost reports will be based on a projection of the provider’s reasonable and proper costs of operation until the provider has submitted an annual cost report that includes a minimum of six months of actual costs. The prospective rates paid established providers who have submitted an annual report with a minimum of a six-month history are based on reasonable and proper costs in a base period and are adjusted annually for inflation. The prospective rates paid to both new and established providers are subject to the maximums listed in subrule 79.1(2) and to retrospective adjustment based on the provider’s actual, current costs of operation as shown by financial and statistical reports submitted by the provider, so as not to exceed reasonable and proper costs actually incurred by more than 2.5 percent.

f. Contractual rate. Providers are reimbursed on a basis of costs incurred pursuant to a contract between the provider and subcontractor.

79.1(2) Basis of reimbursement of specific provider categories.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Ambulance	Fee schedule	Ground ambulance: Fee schedule in effect 6/30/99 plus 2%. Air ambulance: A base rate of \$208.08 plus \$7.80 per mile for each mile the patient is carried.
Ambulatory surgical centers	Base rate fee schedule as determined by Medicare. See 79.1(3)	Rate determined by Medicare
Area education agencies	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Audiologists	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Birth centers	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Case management providers	Retrospective cost-related	Retrospective rate
Certified registered nurse anesthetists	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Chiropractors	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Clinics	Fee schedule	Fees as determined by the physician fee schedule
Community mental health centers	Fee schedule	Reimbursement rate for center in effect 6/30/99 plus 5%
Dentists	Fee schedule	Fee schedule in effect 6/30/99 plus 2%

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Durable medical equipment, prosthetic devices and medical supply dealers	Fee schedule. See 79.1(4)	Fee schedule in effect 6/30/99 plus 2%
Family planning clinics	Fee schedule	Fees in effect 6/30/99 plus 2%
Family or pediatric nurse practitioner	Fee schedule	Fee schedule in effect 6/30/99 plus 2%
Federally qualified health centers (FQHC)	Retrospective cost-related	1. Reasonable cost as determined by Medicare cost reimbursement principles 2. In the case of services provided pursuant to a contract between an FQHC and a managed care organization (MCO), reimbursement from the MCO shall be supplemented to achieve "1" above
Genetic consultation clinics	Fee schedule	Fee schedule for clinic in effect 6/30/99 plus 2%
HCBS AIDS/HIV waiver service providers, including:		
1. Counseling		
Individual:	Fee schedule	\$10 per unit
Group:	Fee schedule	\$39.98 per hour
2. Home health aide	Retrospective cost-related	Maximum Medicaid rate in effect on 6/30/99 plus 2%
3. Homemaker	Fee schedule	\$18.36 per hour
4. Nursing care	Agency's financial and statistical cost report and Medicare percentage rate per visit	Cannot exceed \$74.25 per visit

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
5. Respite care providers, including:		
In-home:		
Home health agency	Fee schedule	\$106.08 per 4- to 8-hour unit
Out-of-home:		
Nursing facility, or intermediate care facility for the mentally retarded	Prospective reimbursement	Limit for nursing facility level of care
Hospital or skilled nursing facility	Prospective reimbursement	Limit for skilled nursing facility level of care
Foster group care	Prospective reimbursement	P.O.S. contract rate
Foster family care	Fee schedule	Emergency care rate (See 441—subrule 156.11(2))
Camps	Fee schedule	\$117.30 per day
Hourly rate providers:		
Adult day care	Fee schedule	\$12.24 per hour
HCBS MR waiver	Fee schedule. See 79.1(15)	\$12.24 per hour
Home care agency	Fee schedule	\$12.24 per hour
Home health agency	Fee schedule	\$12.24 per hour
Day camp	Fee schedule	\$12.24 per hour
6. Home-delivered meal providers	Fee schedule	\$7.14 per meal. Maximum of 14 meals per week.
7. Adult day care	Fee schedule	Veterans administration contract rate or \$20.40 per half day, \$40.80 per full day, or \$61.20 per extended day if no veterans administration contract.
8. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
HCBS brain injury waiver service providers, including:		
1. Supported community living	Retrospectively limited prospective rates. See 79.1(15)	\$32.64 per hour, \$73.61 per day
2. Respite care providers, including:		
Nonfacility care:	Retrospectively limited prospective rates. See 79.1(15)	\$12.24 per hour. \$106.08 per 4- to 8-hour day
Facility care:		
Hospital or skilled nursing facility	Prospective reimbursement	Limit for skilled nursing facility level of care
Nursing facility, or intermediate care facility for the mentally retarded	Prospective reimbursement	Limit for nursing facility level of care
Foster group care	Prospective reimbursement. See 441—185.106(234)	Rehabilitative treatment and supportive services rate
3. Personal emergency response system	Fee schedule	Initial one-time fee of \$45.90. Ongoing monthly fee of \$35.70.
4. Case management	Fee schedule	\$571.49 per month
5. Supported employment:		
a. Instructional activities to obtain a job	Fee schedule	\$34.70 per day
b. Initial instructional activities on the job	Retrospectively limited prospective rates. See 79.1(15)	\$15.77 per hour
c. Enclave	Retrospectively limited prospective rates. See 79.1(15)	\$5.78 per hour
d. Follow-along	Fee schedule. See 79.1(15)	\$262.91 per month
6. Transportation	Fee schedule	State per mile rate
7. Adult day care	Fee schedule	\$20.40 per half day, \$40.80 per full day, or \$61.20 per extended day
8. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day
9. Home and vehicle modification	Fee schedule	\$500 per month, not to exceed \$6,000 per year
10. Specialized medical equipment	Fee schedule	\$500 per month, not to exceed \$6,000 per year
11. Behavioral programming	Fee schedule	\$10 per 15 minutes

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
12. Family counseling and training	Fee schedule	\$39.98 per hour
13. Prevocational services	Fee schedule. See 79.1(17)	\$34.70 per day
HCBS elderly waiver service providers, including:		
1. Adult day care	Fee schedule	Veterans administration contract rate or \$20.40 per half day, \$40.80 per full day, or \$61.20 per extended day if no veterans administration contract.
2. Emergency response system	Fee schedule	Initial one-time fee \$45.90. Ongoing monthly fee \$35.70.
3. Home health aides	Retrospective cost-related	Maximum Medicaid rate in effect on 6/30/99 plus 2%
4. Homemakers	Fee schedule	Maximum of \$18.36 per hour
5. Nursing care	Fee schedule as determined by Medicare	\$74.25 per visit
6. Respite care providers, including:		
In-home:		
Home health agency	Fee schedule	\$106.08 per 4- to 8-hour unit
Out-of-home:		
Nursing facility	Prospective reimbursement	Limit for nursing facility level of care
Hospital or skilled nursing facility	Prospective reimbursement	Limit for skilled nursing facility level of care
Hourly rate providers:		
Adult day care	Fee schedule	\$12.24 per hour
Day camp	Fee schedule	\$12.24 per hour
Home care agency	Fee schedule	\$12.24 per hour
Home health agency	Fee schedule	\$12.24 per hour
HCBS MR waiver	Fee schedule. See 79.1(15)	\$12.24 per hour
7. Chore providers	Fee schedule	\$7.14 per half hour
8. Home-delivered meal providers	Fee schedule	\$7.14 per meal. Maximum of 14 meals per week.

9. Home and vehicle modification providers	Fee schedule	\$1000 lifetime maximum
10. Mental health outreach providers	Fee schedule	On-site Medicaid reimbursement rate for center or provider. Maximum of 1440 units per year
<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
11. Transportation providers	Fee schedule	State per mile rate for regional transit providers or rate established by area agency on aging.
12. Nutritional counseling	Fee schedule	\$7.65 per quarter hour
13. Assistive devices	Fee schedule	\$102 per unit
14. Senior companion	Fee schedule	\$6.12 per hour
15. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day
HCBS ill and handicapped waiver service providers, including:		
1. Homemakers	Fee schedule	Maximum of \$18.36 per hour
2. Home health aides	Retrospective cost-related	Maximum Medicaid rate in effect on 6/30/99 plus 2%
3. Adult day care	Fee schedule	Veterans administration contract rate or \$20.40 per half day, \$40.80 per full day, or \$61.20 per extended day if no veterans administration contract.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
4. Respite care providers, including:		
In-home:		
Home health agency	Fee schedule	\$106.08 per 4- to 8-hour unit
Out-of-home:		
Hospital or skilled nursing facility	Prospective reimbursement	Limit for skilled nursing facility level of care
Nursing facility, or intermediate care facility for the mentally retarded	Prospective reimbursement	Limit for nursing facility level of care
Foster group care	Prospective reimbursement. See 441—185.106(234)	Rehabilitative treatment and supportive services rate
Foster family home	Fee schedule	Emergency care rate (See 441—subrule 156.11(2))
Camps	Fee schedule	\$117.30 per day
Hourly rate providers:		
Adult day care	Fee schedule	\$12.24 per hour
HCBS MR waiver	Fee schedule. See 79.1(15)	\$12.24 per hour
Home care agency	Fee schedule	\$12.24 per hour
Home health agency	Fee schedule	\$12.24 per hour
Day camp	Fee schedule	\$12.24 per hour
5. Nursing care	Agency's financial and statistical cost report and Medicare percentage rate per visit	Cannot exceed \$74.25 per visit
6. Counseling		
Individual:	Fee schedule	\$10 per unit
Group:	Fee schedule	\$39.98 per hour
7. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
HCBS MR waiver service providers, including:		
1. Supported community living	Retrospectively limited prospective rates. See 79.1(15)	\$32.64 per hour, not to exceed a total per month of \$73.61 times the number of days in the month. \$73.61 per day. Variations to the upper limit may be granted by the division of medical services when cost-effective and in accordance with the service plan as long as the statewide average remains at or below \$73.61 per day.
2. Respite care providers, including:		
Nonfacility care:	Retrospectively limited prospective rates. See 79.1(15)	\$12.24 per hour
Facility care:		
Hospital or skilled nursing facility	Prospective reimbursement	Limit for skilled nursing facility level of care
Nursing facility, or intermediate care facility for the mentally retarded	Prospective reimbursement	Limit for nursing facility level of care
Foster group care	Prospective reimbursement. See 441—185.106(234)	Rehabilitative treatment and supportive services rate
3. Supported employment:		
a. Instructional activities to obtain a job	Fee schedule	\$34.70 per day. Maximum of 80 units, 5 per week, limit 16 weeks
b. Initial instructional activities on the job	Retrospectively limited prospective rates. See 79.1(15)	\$15.77 per hour. Maximum of 40 units per week
c. Enclave	Retrospectively limited prospective rates. See 79.1(15)	\$5.78 per hour. Maximum of 40 units per week
d. Follow-along	Fee schedule. See 79.1(15)	\$262.91 per month. Maximum of 12 units per fiscal year or \$8.62 per day for a partial month.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
4. Nursing	Fee schedule as determined by Medicare	Maximum Medicare rate
5. Home health aides	Retrospective cost-related	Maximum Medicaid rate in effect on 6/30/99 plus 2%
6. Personal emergency response system	Fee schedule	Initial one-time fee of \$38.15. Ongoing monthly fee of \$26.01
7. Home and vehicle modifications	Contractual rate. See 79.1(15)	Maximum amount of \$5,000 per consumer lifetime
8. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day
HCBS physical disability waiver service providers, including:		
1. Consumer-directed attendant care:		
Agency provider	Fee agreed upon by consumer and provider	\$18.36 per hour \$106.08 per day
Individual provider	Fee agreed upon by consumer and provider	\$12.24 per hour \$71.40 per day
2. Home and vehicle modification providers	Fee schedule	\$500 per month, not to exceed \$6000 per year
3. Personal emergency response system	Fee schedule	Initial one-time fee of \$45.90. Ongoing monthly fee of \$35.70.
4. Specialized medical equipment	Fee schedule	\$500 per month, not to exceed \$6000 per year
5. Transportation	Fee schedule	State per mile rate for regional transit providers, or rate established by area agency on aging. Reimbursement shall be at the lowest cost service rate consistent with the consumer's needs.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Hearing aid dealers	Fee schedule plus product acquisition cost	Fee schedule in effect 6/30/99 plus 2%
Home health agencies (Encounter services- intermittent services)	Retrospective cost-related	Maximum Medicaid rate in effect on 6/30/99 plus 2%
(Private duty nursing or personal care and VFC vaccine administration for persons aged 20 and under)	Interim fee schedule with retrospective cost settling based on Medicaid methodology	Retrospective cost settling according to Medicaid methodology not to exceed the rate in effect on 6/30/99 plus 2%
Hospices	Fee schedule as determined by Medicare	Medicare cap (See 79.1(14) “d”)